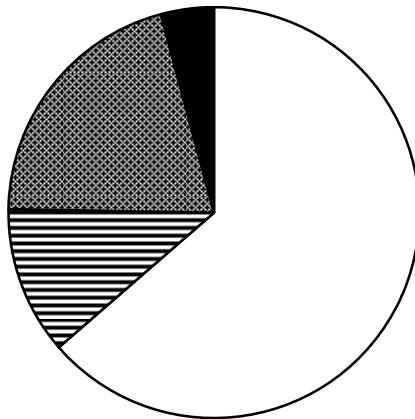


WATER POLLUTION CONTROL CAPITAL PROGRAM

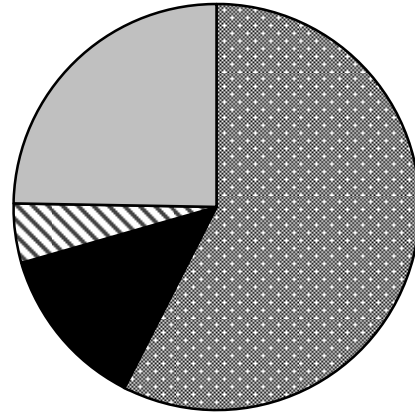
2009-2013 Capital Improvement Program

**2008-2009 Adopted
Source of Funds**



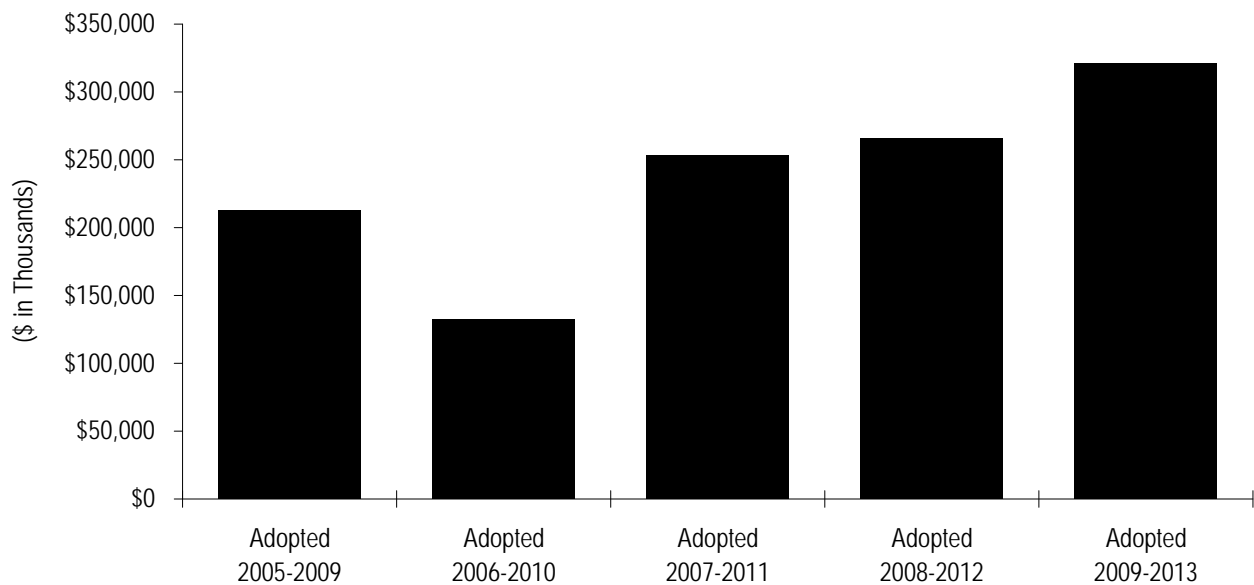
□ Beginning Fund Balance
 ▨ Other Government Agencies
 ▩ Loans & Transfers
 ■ Miscellaneous

**2008-2009 Adopted
Use of Funds**



▩ Construction
 ■ Non-Construction
 ▨ Reserves
 □ Loans and Transfers
 ■ Ending Fund Balance

CIP History

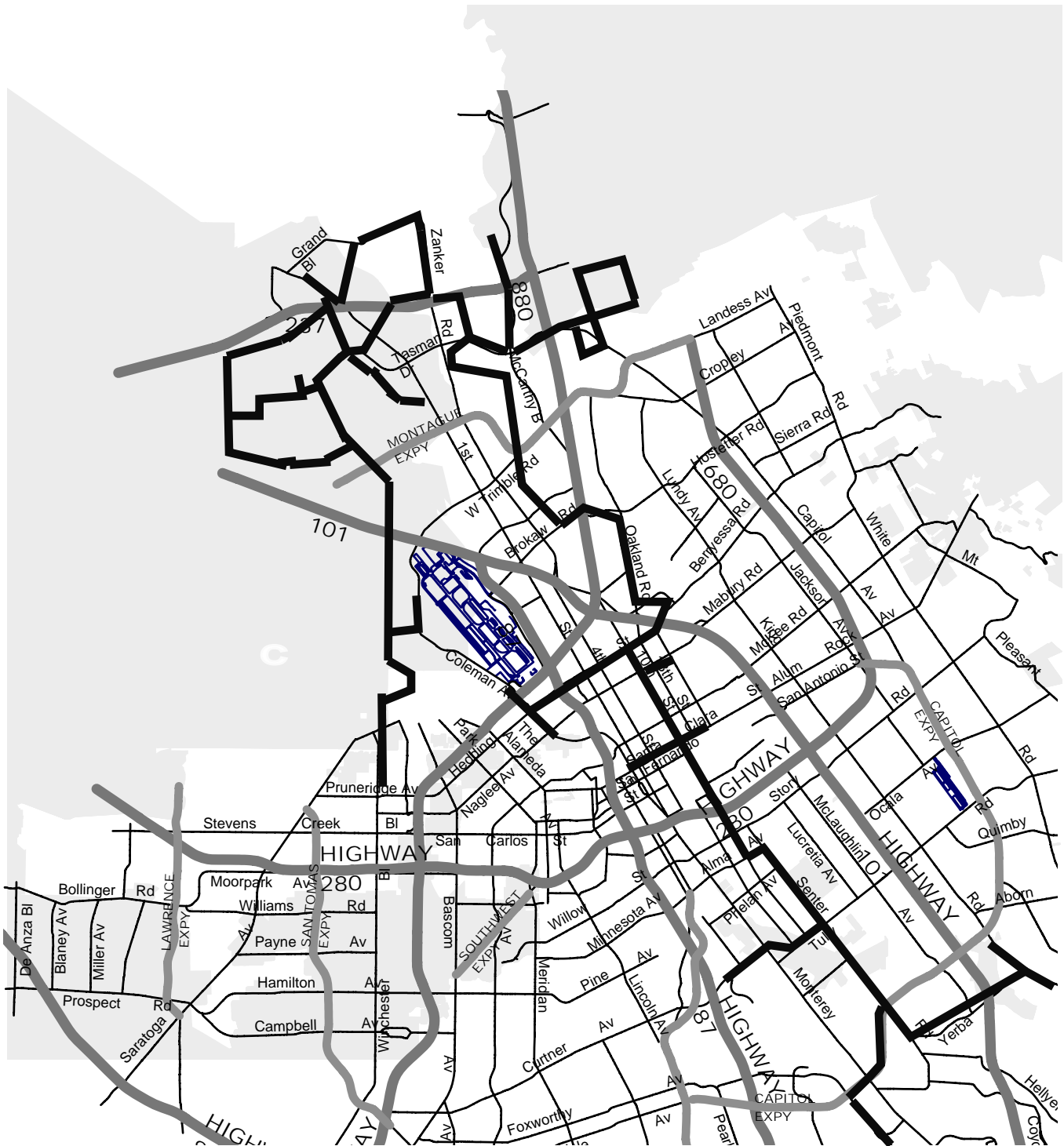


Water Pollution Control Capital Program

2009-2013 Adopted Capital Improvement Program

2008-2009 Project Approximate Locations:

— South Bay Water Recycling Project



Water Pollution Control Capital Program

2009-2013 Adopted Capital Improvement Program

Overview

Introduction

The San José/Santa Clara Water Pollution Control Plant (Plant) is a regional wastewater treatment facility serving eight tributary sewage collection agencies (Agencies), including municipalities and sanitary sewer districts. The service area includes the following cities and adjacent, unincorporated County territory: San José, Santa Clara, Milpitas, Cupertino Sanitary District, West Valley Sanitary District (Campbell, Los Gatos, Monte Sereno and Saratoga), County Sanitation Districts 2-3, Sunol and Burbank Sanitary Districts. The Plant is jointly owned by the cities of San José and Santa Clara and is administered and operated by the City of San José's Environmental Services Department (ESD), which is also responsible for planning, designing and constructing new wastewater treatment and water reuse facilities.

Capital costs are estimated annually by ESD staff and are reviewed and recommended as a budget by the Treatment Plant Advisory Committee to the San José City Council for appropriation. The costs are allocated to each Agency based on its contracted-for capacity in the Plant. Each Agency is responsible for its allocated share of Plant costs, as well as its own sewage collection system maintenance, operation, and capital costs; debt service on bonds issued by the Agency for sewer purposes; and any other sewer service related costs. Each Agency is also responsible for establishing and collecting its respective sewer service and use charges, connection fees or other charges for sewer service.

A revenue program is prepared annually by each Agency to establish its sewer service and use charge rates. Rates are adopted by ordinance, or resolution, of the governing body of each Agency. The Agencies' revenue

programs, ordinances and resolutions are submitted to the City of San José, as the administering agency, for review to determine conformance with State Water Resources Control Board (SWRCB) revenue program guidelines and are then submitted by San José to the SWRCB for review and certification.

This program is part of the Environmental and Utility Services City Service Area (CSA) and supports the following outcomes: *Reliable Utility Infrastructure* and *Healthy Streams, Rivers, Marsh, and Bay*.

Program Priorities and Objectives

The Plant Capital Improvement Program (CIP) projects are evaluated using the following criteria established by ESD:

- Projects needed for health and safety.
- Projects needed to maintain the quality of effluent flow.
- Projects mandated by regulatory agencies.
- Projects that ensure adequate process reliability.
- Projects that enhance efficiency and effectiveness.

Sources of Funding

The 2009-2013 Adopted CIP provides funding of \$320.8 million, of which \$109.9 million is allocated in 2008-2009.

Revenues for the Five-Year CIP are derived from several sources: Transfers from the Sewer Service and Use Charge Fund (\$154.2 million); contributions from the City of Santa Clara and Other Agencies (\$69.5 million); Transfers from the Sewage Treatment Plant Connection Fee Fund (\$15.4 million); Interest

Water Pollution Control Capital Program

2009-2013 Adopted Capital Improvement Program

Overview

Sources of Funding (Cont'd.)

Earnings (\$9.3 million); Calpine Metcalf Energy Center Facilities Repayments (\$1.9 million); and federal grants from the U.S. Bureau of Reclamation (\$500,000). In addition, \$70.0 million in available fund balance is programmed to support projects identified in this five-year program.

The Sewer Service and Use Charge Fund (SSAUC) is an operating fund that derives its revenues from fees imposed on San José's residential, commercial, and industrial users of the sanitary sewer system and represents the largest source of funding for this capital program. Transfers in the amount of \$154.2 million from the Sewer Service and Use Charge Fund to the Water Pollution Control Capital Improvement Program reflect a \$51.1 million (49.6.%) increase compared to the 2008-2012 Adopted CIP. The overall funding level in this CIP assume 15% rate increases to SS&UC fees for 2008-2009 and 2009-2010, as notified to the public in May 2007. These increases will fund projects as described in the "Program Highlights" category below.

An annual transfer of \$3.08 million is anticipated from Sewage Treatment Plant Connection Fee Fund and is programmed as part of the 2009-2013 Adopted CIP.

Contributions from the City of Santa Clara and other agencies are determined by agreements with the participating agencies, financing plans, anticipated expenditures for the Plant and the amount and characteristics of flows to the treatment plant. These contributions reimburse the City for actual project expenditures. In this Adopted CIP, these contributions from the City of Santa Clara and the other agencies total \$69.5

million, which represents a \$2.1 million (3.3%) increase compared to the 2008-2012 Adopted CIP. This increase results from additional capital investments, including the Plant Electrical Reliability project, Digester Rehabilitation project, an increase in the Plant Infrastructure Improvements allocation, Equipment Replacement Program, and the Plant Master Plan project.

Program Highlights

Digester Rehabilitation Project

This \$86.6 million project will include a multi-year construction schedule based on the condition and rehabilitation progress of the digesters. The project includes mechanical rehabilitation, replacement and upgrade for 16 concrete digesters to restore digester performance and facilitate the addition of a fats, oils and grease receiving station for digesting grease. It will also address cracks in existing concrete digestion tanks.

Currently, six out of the 16 concrete digesters are non-operational due to structural damage and the lack of adequate mixing capability. All six non-operational digesters are scheduled to be rehabilitated as part of the 2009-2013 Adopted CIP.

Plant Electrical Reliability Project

This \$80 million project will include a multi-phase construction schedule based on a master study completed in 2004. The project will replace and upgrade substations and switches, modify and upgrade power distribution buses and cabling, provide backup systems, and enhance the overall safety and reliability of the Plant electrical systems.

Water Pollution Control Capital Program

2009-2013 Adopted Capital Improvement Program

Overview

Program Highlights (Cont'd.)

Plant Electrical Reliability Project (Cont'd.)

The current power distribution network has grown in a patched manner over the years, and many electrical system components have reached the end of their service life. This project will address safety needs, as well as provide for future reliability needs.

Several contracts will be placed to cover the entire scope of this project. The earliest start date for selecting a consultant to prepare the design-build specification is Summer 2008. Once the contract to design-build is awarded, it is estimated that the project will take several years to complete.

In the interim, several elements of this project are being implemented through various projects to address immediate safety needs and improvements to the reliability of the Plant electrical system. Since 2005-2006, \$9.7 million has been programmed for the design and construction of this work, which includes: 1) addition of current limiting reactors at substation one to reduce fault current; 2) retrofitting switchgear with higher rated breakers and buss structures; and 3) addition of new switchgear and new cables to make an interim ring buss distribution system operational. Financing options for the remainder of this project, and the Plant Master Plan Project identified below, are being evaluated in conjunction with ongoing sewer service and use charge modeling efforts.

Plant Master Plan Project

The Plant initiated a Plant Master Planning project in 2005. A steering committee developed a vision and goals for the planning process, including regulatory compliance,

worker and community safety, habitat protection and restoration, being a good neighbor, and providing for economic opportunities and cost-effective operation of the Plant.

The Planning process is based on several foundational documents, including an Opportunities and Constraints analysis for the Plant's lands and an infrastructure needs assessment.

In the 4th Quarter of 2007, staff selected a consultant to develop the Plant Master Plan that will be the blue print for the Plant's development over the next 30 years, covering expected flows to the Plant, rates, staffing, Plant infrastructure, use of the buffer lands, bio-solids processing, and many other items. In addition to the existing budget to develop the Master Plan, an additional \$4.2 million has been added to the Plant Master Plan budget for public outreach and the environmental clearance (i.e. EIR) process. The Master Plan is projected to be completed by 2011.

The Master Plan will coordinate the many complex projects required for the Plant due to aging infrastructure and future regulations, and serve as a tool to identify and prioritize CIP projects for upgrades and replacements. Public outreach and stakeholder involvement will be a major component of this process.

South Bay Action Plan

A South Bay Action Plan (SBAP) has been a requirement of the Plant's National Pollution Discharge Elimination System (NPDES) permit since 1991 and includes projects necessary to reduce average dry weather effluent flow from the Plant to below the 120 million gallons per day (mgd) flow trigger, or to levels that protect salt marsh habitat for

Water Pollution Control Capital Program

2009-2013 Adopted Capital Improvement Program

Overview

Program Highlights (Cont'd.)

South Bay Action Plan (Cont'd.)

allows for adaptive management. In June 1997, both the San Francisco Bay Regional Water Quality Control Board (Regional Board) and the San José City Council approved the Revised South Bay Action Plan (RSBAP). The RSBAP was included as a provision of the 1998 NPDES permit and included the Expanded Water Recycling, Industrial Water Recycling/Reuse, Groundwater Inflow/Infiltration Reduction, and Environmental Enhancement Pilot projects. In February 1998, Council approved a financing plan that identified \$127 million in funding sources for the RSBAP, primarily through State Revolving Fund loans from the State Water Resources Control Board (SWRCB), and Treatment Plant Capital Fund reserves. Included in the \$127 million was \$100 million for water recycling projects.

On September 17, 2003 the Regional Board approved a new NPDES permit for the Plant and continued the requirement for a South Bay Action Plan to comply with the original 1991 Regional Board Resolution.

The Regional Board NPDES permit requirement states that the Plant will continue to implement its water conservation, industrial recycling and reuse, and recycling programs. The 2007 Clean Bay Strategy will continue to address the NPDES permit elements, including the following:

- Water Efficiency Programs – Continue to promote industrial recycling/reuse and indoor water conservation.

- South Bay Water Recycling System – Completion of the Zone 3 recycled water reservoir facility and the Santa Clara Looping projects including SC 5- Santa Clara San José Connector in Santa Clara, SJ13 Coleman Avenue Extension, and the Coleman Overpass Recycled Water Line in San José. In addition, the collaborative effort with the Santa Clara Valley Water District for future expansion, operation and maintenance of the system will continue.
- Salt Marsh Vegetative Assessment – Perform marsh assessments in 2008-2009 to identify salt marsh conversion in the study area. The City has performed marsh assessments on an annual basis since 2003.

Plant Infrastructure Needs Improvements

The Plant initiated a study in 2006, to assess the condition of existing infrastructure at the Plant and to identify capital improvements required to maintain adequate wastewater service for existing customers under current regulations and operating permits. Approximately \$249 million in capital improvement projects were identified as high-priority projects that should be implemented over the next five years. These projects were prioritized using a risk management and minimization approach. Risk is measured as a function of the likelihood of a failure, triggers that may require replacement of assets (inadequate capacity, over utilization, obsolescence, excessive maintenance requirements), and the consequences of failure.

The Plant Master Plan project, will further integrate the projected needs for repair and

Water Pollution Control Capital Program

2009-2013 Adopted Capital Improvement Program

Overview

Program Highlights (Cont'd.)

Plant Infrastructure Needs Improvements (Cont'd.)

replacement of aging infrastructure with other high-priority and long-term facility needs in order to effectively manage risk and utilize available resources and funding. The Master Plan, however, will take several years to develop and implement. In the interim, there are immediate needs that must be addressed to maintain acceptable wastewater service. To aid in interim capital improvement planning, some of the high priority projects that can be implemented over the next five years have been included in this Adopted CIP. These include the Plant Electrical Reliability project (\$57 million), Digester Rehabilitation (\$46.6 million), and Digester Gas Line Replacement project (\$10.1 million). All of these projects are being closely coordinated with the Plant Master Plan project.

Other Projects

The 2009-2013 Adopted Capital Improvement Program includes other major projects that will require an investment of capital funds. The following list of priority projects are required to meet regulatory mandates, ensure process reliability, provide for a safe work environment, or provide process efficiencies or cost savings:

- WPCP Reliability Improvement Phase II – \$5 million in this CIP, \$35 million total project costs;
- Secondary and Nitrification Clarifier Rehabilitation – \$12 million in this CIP, \$32 million total project costs;

- Digester Gas Line Replacement – \$9 million in this CIP;
- Filtration Action Plan – Valve Replacement - \$8.6 million in this CIP;
- Environmental Services Building Repair – \$6 million in this CIP;
- South Bay Water Recycling (SBWR) Reservoir Facility – \$6 million in this CIP;
- Dissolved Air Flotation Pressure Retention Tank and Valves Replacement – \$1.1 million in this CIP, \$2.4 million total project costs;
- Fire Line Replacement – \$800,000 in this CIP;
- Warehousing Facility Additions – \$600,000 in this CIP;

Reserve for Equipment Replacement

As in prior CIP's, the 2009-2013 Adopted CIP includes a minimum \$5.0 million reserve for equipment replacement. This reserve minimum was established to satisfy three contractual requirements:

- The State Water Resources Control Board's (SWRCB) Policy for implementing the State Revolving Fund for Construction of Wastewater Treatment requires that annual revenue requirements include funds for the replacement of major equipment for maintaining the capacity and performance of the treatment plant over its useful life. Compliance with the SWRCB's policy is a requirement of State Revolving

Water Pollution Control Capital Program

2009-2013 Adopted Capital Improvement Program

Overview

Program Highlights (Cont'd.)

Reserve for Equipment Replacement (Cont'd.)

Fund Loan Agreements. Equipment replacement of \$13.2 million and a reserve of \$5.0 million are included in the 2009-2013 Adopted CIP to satisfy this requirement.

- The Clean Water Financing Authority (CWFA) Bond Covenants require that a reserve be maintained at a minimum level of \$5.0 million to help pay the costs of extraordinary repairs and for renewal and replacement of the treatment plant when insurance and other funds budgeted for such purposes are exhausted, or are insufficient to meet the need.
- The Master Agreements for Wastewater Treatment between City of San José, City of Santa Clara, and Tributary Agencies established a replacement fund to deposit annual contributions for the replacement of major treatment plant equipment. The Master Agreements also require that each agency pay its proportionate share of the annual replacement contribution.

Major Changes from the 2008-2012 Adopted CIP

Major changes from the 2008-2012 Adopted CIP include the following:

- This Adopted CIP assumed rate increases of 15% for the next two years and contributions from other

agencies in order to fund projects over the five-year term.

- Additional transfers in the amount of \$51.1 million from the Sewer Service and Use Charge Fund for the City of San José costs for CIP projects.
- Allocation of additional \$40 million to Digester Rehabilitation.
- A decrease in funding in the amount of \$7.0 million for Plant Infrastructure Improvements.
- Additional funding in the amount of \$9.8 million for Plant Infrastructure Improvements.
- Allocation of additional \$8 million for Secondary and Nitrification Clarifier Rehabilitation.
- Allocation of additional \$6.5 million to Revised South Bay Action Plan – SBWR Extension.
- Allocation of additional funding for new projects for Environmental Services Building Repair (\$6 million) and WPCP Reliability Improvements Phase II (\$5 million).
- Allocation of additional \$5 million for Reserve for Plant Master Plan Improvements.

Water Pollution Control Capital Program

2009-2013 Adopted Capital Improvement Program

Overview

Major Changes from the 2008-2012 Adopted CIP (Cont'd.)

- Eliminate revenue anticipated for the 1MW Fuel Cell project (\$4.5 million) and the corresponding expenditure (\$6.8 million). This project was eliminated due to a disagreement between the contractor and the City regarding future maintenance that would have committed the City to a long-term maintenance agreement with the contractor. The Plant is currently exploring other options for Fuel Cell such as a power purchasing agreement.
- Additional funding in the amount of \$2.1 million as contributions from the City of Santa Clara and Other Agencies for their proportionate costs for CIP projects.
- Allocation of an additional \$2 million for Equipment Replacement.
- Allocation of additional \$1.7 million for Plant Master Plan.
- Allocation of additional \$1.3 million for Public Art.
- Allocation of additional \$500,000 for Dissolved Air Flotation Pressure Retention Tank & Valves Replacement.

Operating Budget Impact

Although the Alternative Disinfection project has no funding in the 2009-2013 Adopted CIP, it is anticipated that the project will continue into 2009-2010 with encumbered 2007-2008 funding and be completed during 2009-2010. This will have an impact on the operating budget in 2009-2010, which is supported by the San José-Santa Clara Treatment Plant Operating Fund. This project switches the disinfection method used at the Plant from a chlorine gas and sulfur dioxide system to a safer, alternative liquid sodium hypochlorite and sodium bisulfite system, which reduces the risk of a massive chlorine gas incident. The following table shows the increase in chemical costs as a result of the project. All projects anticipated to be operational in 2008-2009 have been addressed in the 2008-2009 Adopted Operating Budget.

Water Pollution Control Capital Program

2009-2013 Adopted Capital Improvement Program

Overview

Operating Budget Impact (Cont'd.)

Net Operating Budget Impact Summary

	2009-2010	2010-2011	2011-2012	2012-2013
Alternative Disinfection	<u>\$2,000,000</u>	<u>\$2,075,000</u>	<u>\$2,152,000</u>	<u>\$2,233,000</u>
Total	\$2,000,000	\$2,075,000	\$2,152,000	\$2,233,000

Note: The estimated operating costs have been provided by the Environmental Services Department and have not yet been fully analyzed by the Budget Office. That analysis may well result in different costs when the actual budget for the year in question is formulated.

Council Approved Revisions to the Proposed Capital Improvement Program

During the June budget hearings, the Council approved the rebudgeting of \$16,382,000 for eight projects: Digester Rehabilitation (\$6,600,000), Plant Infrastructure

Improvements (\$2,839,000), Equipment Replacement (\$2,230,000), Plant Electrical Reliability (\$2,134,000), Digester Gas Line Replacement (\$1,100,000), Alternative Disinfection (\$800,000), WPCP Reliability Improvements (\$577,000) and Public Art (\$102,000).

Water Pollution Control Capital Program
2009-2013 Adopted Capital Improvement Program
Source of Funds

SOURCE OF FUNDS	Estimated 2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	5-Year Total
<u>San José-Santa Clara Treatment Plant Capital Fund</u>							
Beginning Fund Balance	65,822,775	70,027,920	27,052,920	1,004,920	1,003,920	7,819,920	70,027,920 *
Revenue from Other Agencies:							
<u>Federal Government</u>							
- U.S. Bureau of Reclamation Grant (SBWRP)	500,000	500,000					500,000
<u>Water Pollution Control Plant User Agencies</u>							
- 2005 Bond Debt Service Repayment	1,382,000	1,385,000	1,386,000	1,385,000	1,381,000	1,379,000	6,916,000
- Equipment Replacement	591,000	591,000	591,000	591,000	591,000	591,000	2,955,000
- SRF Loan Repayment	1,384,000	1,384,000	1,384,000	1,384,000	1,384,000	1,384,000	6,920,000
- WPCP Projects	12,020,000	8,775,000	20,350,000	5,060,000	7,110,000	11,370,000	52,665,000
Contributions, Loans and Transfers from:							
<u>Special Funds</u>							
- Transfer from Sewage Treatment Plant Connection Fee Fund (539)	3,080,000	3,080,000	3,080,000	3,080,000	3,080,000	3,080,000	15,400,000
- Transfer from Sewer Service and Use Charge Fund (541)	24,697,000	19,638,000	25,643,000	30,640,000	37,623,000	40,616,000	154,160,000
Interest Income	2,800,000	4,126,000	1,316,000	1,479,000	1,201,000	1,207,000	9,329,000
Miscellaneous Revenue							
- Calpine Metcalf Energy Center Facilities Repayment	389,000	389,000	389,000	389,000	389,000	389,000	1,945,000
- Miscellaneous Revenue	367,000						

Water Pollution Control Capital Program
2009-2013 Adopted Capital Improvement Program
Source of Funds

SOURCE OF FUNDS (CONT'D.)	Estimated 2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	5-Year Total
<u>San José-Santa Clara Treatment Plant Capital Fund</u>							
Reserve for Encumbrances	20,930,145						
Total San José-Santa Clara Treatment Plant Capital Fund	<u>133,962,920</u>	<u>109,895,920</u>	<u>81,191,920</u>	<u>45,012,920</u>	<u>53,762,920</u>	<u>67,835,920</u>	<u>320,817,920 *</u>
TOTAL SOURCE OF FUNDS	<u><u>133,962,920</u></u>	<u><u>109,895,920</u></u>	<u><u>81,191,920</u></u>	<u><u>45,012,920</u></u>	<u><u>53,762,920</u></u>	<u><u>67,835,920</u></u>	<u><u>320,817,920 *</u></u>

* The 2009-2010 through 2012-2013 Beginning Balances are excluded from the FIVE-YEAR TOTAL SOURCE OF FUNDS to avoid multiple counting of the same funds.

Water Pollution Control Capital Program
2009-2013 Adopted Capital Improvement Program

Use of Funds

USE OF FUNDS	Estimated 2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	5-Year Total
<u>Construction Projects</u>							
Public Art							
1. Public Art		521,000	630,000	259,000	273,000	450,000	2,133,000
Total Public Art		521,000	630,000	259,000	273,000	450,000	2,133,000
Water Pollution Control Managed Projects							
Dissolved Air Flotation Pressure Retention Tank & Valves	688,000					1,100,000	1,100,000
Filtration Action Plan - Valve Replacement				600,000	2,000,000	6,000,000	8,600,000
Fire Line Replacement	350,000			200,000	200,000	400,000	800,000
Headworks Redundancy Modifications	1,000						
Inactive Lagoons Bio-Solids Removal Study	113,000						
Land Management & Improvements	162,000						
M5, Ring Buss, & Cable Replacement	9,914,000						
Secondary and Nitrification Clarifier Rehabilitation			2,000,000	2,000,000	4,000,000	4,000,000	12,000,000
Technical Services Building	25,000						
WPCP Reliability Improvements Phase II						5,000,000	5,000,000
Warehousing Facility Additions				100,000	500,000		600,000
2. Alternative Disinfection	9,575,000	800,000					800,000
3. Digester Gas Line Replacement		1,100,000	9,000,000				10,100,000
4. Digester Rehabilitation		16,600,000	500,000	9,500,000	10,000,000	10,000,000	46,600,000

Water Pollution Control Capital Program
2009-2013 Adopted Capital Improvement Program

Use of Funds

USE OF FUNDS (CONT'D.)	Estimated 2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	5-Year Total
<u>Construction Projects</u>							
Water Pollution Control Managed Projects							
5. Environmental Services Building (ESB) Repair		6,000,000					6,000,000
6. Plant Electrical Reliability	3,104,000	2,134,000	44,000,000	5,600,000	500,000	5,000,000	57,234,000
7. SBWR Reservoir Facility		6,000,000					6,000,000
8. WPCP Reliability Improvements	11,156,000	577,000					577,000
Total Water Pollution Control Managed Projects	35,088,000	33,211,000	55,500,000	18,000,000	17,200,000	31,500,000	155,411,000
Watershed Protection Managed Projects							
ESD MIS Improvements	317,000						
Lab Information Management System	166,000						
Salt Marsh Restoration	69,000						
9. Revised South Bay Action Plan - SBWR Extension	4,068,000	11,878,000	389,000	389,000	389,000	389,000	13,434,000
Total Watershed Protection Managed Projects	4,620,000	11,878,000	389,000	389,000	389,000	389,000	13,434,000
Recurring Projects							
10. Equipment Replacement	1,332,000	6,430,000	2,300,000	3,545,000	1,525,000	1,660,000	15,460,000
11. Plant Infrastructure Improvements	8,445,000	10,830,000	7,088,000	7,540,000	9,700,000	13,160,000	48,318,000
12. Unanticipated/Critical Repairs	342,000	250,000	250,000	250,000	250,000	250,000	1,250,000
Total Recurring Projects	10,119,000	17,510,000	9,638,000	11,335,000	11,475,000	15,070,000	65,028,000
Total Construction Projects	49,827,000	63,120,000	66,157,000	29,983,000	29,337,000	47,409,000	236,006,000

Water Pollution Control Capital Program
2009-2013 Adopted Capital Improvement Program

Use of Funds

USE OF FUNDS (CONT'D.)	Estimated 2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	5-Year Total
<u>Non-Construction</u>							
General Non-Construction							
CIP Action Team	2,000						
13. Payment for Clean Water Financing Authority Trustee	82,000	82,000	82,000	82,000	82,000	82,000	410,000
14. Plant Master Plan	2,500,000	2,900,000	2,400,000	2,400,000			7,700,000
15. Public Works Capital Management Costs	15,000	12,000	12,000	12,000	12,000	12,000	60,000
16. State Revolving Fund Loan Repayment	4,464,000	4,464,000	4,464,000	4,464,000	4,464,000	4,464,000	22,320,000
17. Transfer to Clean Water Financing Authority Debt Service Payment Fund	7,007,000	7,023,000	7,029,000	7,025,000	7,004,000	6,995,000	35,076,000
Total General Non-Construction	14,070,000	14,481,000	13,987,000	13,983,000	11,562,000	11,553,000	65,566,000
Contributions, Loans and Transfers to Special Funds							
Transfer to City Hall Debt Service Fund	38,000	42,000	43,000	43,000	44,000	35,000	207,000
Total Contributions, Loans and Transfers to Special Funds	38,000	42,000	43,000	43,000	44,000	35,000	207,000
Reserves							
Reserve for Plant Master Plan Improvements					5,000,000	5,000,000	10,000,000
18. Reserve for Equipment Replacement		5,000,000					5,000,000
19. Reserve for Rate Studies		200,000					200,000
Total Reserves		5,200,000			5,000,000	5,000,000	15,200,000
Total Non-Construction	14,108,000	19,723,000	14,030,000	14,026,000	16,606,000	16,588,000	80,973,000

Water Pollution Control Capital Program
2009-2013 Adopted Capital Improvement Program

Use of Funds

	<u>Estimated</u> <u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>5-Year</u> <u>Total</u>
<u>USE OF FUNDS</u> (CONT'D.)							
Ending Fund Balance	70,027,920	27,052,920	1,004,920	1,003,920	7,819,920	3,838,920	3,838,920*
TOTAL USE OF FUNDS	<u>133,962,920</u>	<u>109,895,920</u>	<u>81,191,920</u>	<u>45,012,920</u>	<u>53,762,920</u>	<u>67,835,920</u>	<u>320,817,920*</u>

* The 2008-2009 through 2011-2012 Ending Balances are excluded from the FIVE-YEAR TOTAL USE OF FUNDS to avoid multiple counting of the same funds.

Water Pollution Control Capital Program

2009-2013 Adopted Capital Improvement Program

Detail of Capital Projects

1. Public Art

CSA:	Environmental and Utility Services	Initial Start Date:	Ongoing
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	Ongoing
Council District:	4	Revised Completion Date:	
Location:	N/A		

Description: This allocation funds the construction and administration of public art in the Water Pollution Control Plant Capital Program. In compliance with the Council adoption of the revised Public Art Master Plan on March 13, 2007, one percent of all construction project funding is required to be allocated to public art, excluding funding for seismic and ADA retrofits, maintenance and operations, non-construction projects (such as studies), or affordable housing. Projects where public art allocations were previously programmed or appropriated are not subject to the revisions of the Public Art Master Plan. Expenditures in this allocation will be subject to the legal revenue restrictions for the use of this funding on public art.

Justification: This allocation is required to comply with the revisions to the Public Art Master Plan adopted by the City Council on March 13, 2007.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2007-08 Appn.	2007-08 Estimate	2008-09	2009-10	2010-11	2011-12	2012-13	5-Year Total	Beyond 5-Year	Project Total
Public Art		102		521	630	259	273	450	2,133		
TOTAL		102		521	630	259	273	450	2,133		

FUNDING SOURCE SCHEDULE (000'S)

San José-Santa Clara Treatment Plant Capital Fund		102		521	630	259	273	450	2,133		
TOTAL		102		521	630	259	273	450	2,133		

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

N/A

Notes:

Project schedule dates and selected budget information are not provided due to the ongoing nature of this project.

FY Initiated:	Ongoing	Redevelopment Area:	N/A
Initial Project Budget:		SNI Area:	N/A
Appn. #:	5957	USGBC LEED:	N/A

Water Pollution Control Capital Program

2009-2013 Adopted Capital Improvement Program

Detail of Capital Projects

2. Alternative Disinfection

CSA:	Environmental and Utility Services	Initial Start Date: 2nd Qtr. 2004
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:
Department:	Environmental Services	Initial Completion Date: 3rd Qtr. 2007
Council District:	4	Revised Completion Date: 1st Qtr. 2010
Location:	Water Pollution Control Plant	

Description: The Water Pollution Control Plant (WPCP) disinfects the filtered effluent using chlorine and neutralizes the chlorine residual with sulfur dioxide prior to discharge. Chlorine and sulfur dioxide are delivered to the Plant in railcar containers. To minimize risk of damage, this project provides funding for the design and construction of facilities to replace the gaseous chlorine and sulfur dioxide system with a liquid sodium hypochlorite and sodium bisulfite system. The estimated start date reflects the start of the alternative disinfection study, which preceded the construction project described here. Construction began in 2007-2008. The estimated end date reflects the anticipated project completion.

Justification: Since the terrorist attack on September 11, 2001, reducing the potential risk of a massive catastrophe has become a major goal of this program. The presence of large quantities of sulfur dioxide and chlorine gas poses a high risk of damage in an event of massive sudden release.

EXPENDITURE SCHEDULE (000'S)										
Cost Elements	Prior Years	2007-08 Appn.	2007-08 Estimate	2008-09	2009-10	2010-11	2011-12	2012-13	5-Year Total	Beyond 5-Year
Design		389	239	150				150		389
Construction		9,986	9,336	650				650		9,986
TOTAL		10,375	9,575	800				800		10,375
FUNDING SOURCE SCHEDULE (000'S)										
San José-Santa Clara Treatment Plant Capital Fund		10,375	9,575	800				800		10,375
TOTAL		10,375	9,575	800				800		10,375
ANNUAL OPERATING BUDGET IMPACT (000'S)										
Operating										
TOTAL										

Major Changes in Project Cost:

2005-2009 CIP - increase of \$4.5 million to allocate funds from prior Reserve for Alternate Disinfection.
 2007-2011 CIP - increase of \$1.8 million due to higher than anticipated construction costs.
 2009-2013 CIP - increase of \$3.6 million due to higher than anticipated construction costs.

Notes:

FY Initiated:	2003-2004	Redevelopment Area:	N/A
Initial Project Budget:	\$500,000	SNI Area:	N/A
Appn. #:	4679	USGBC LEED:	N/A

Water Pollution Control Capital Program
2009-2013 Adopted Capital Improvement Program
Detail of Capital Projects

3. Digester Gas Line Replacement

CSA: Environmental and Utility Services **Initial Start Date:** 4th Qtr. 2007
CSA Outcome: Reliable Utility Infrastructure **Revised Start Date:** 3rd Qtr. 2008
Department: Environmental Services **Initial Completion Date:** 2nd Qtr. 2012
Council District: 4 **Revised Completion Date:** 3rd Qtr. 2010
Location: Water Pollution Control Plant

Description: This project adds digester gas lines to replace the existing main digester gas lines that are leaking at the pipe joints.

Justification: The existing main digester gas line is deteriorated to the point that leaks have developed at various points. This project will address safety issues related to leaking digester gas and improve reliability of the system.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2007-08 Appn.	2007-08 Estimate	2008-09	2009-10	2010-11	2011-12	2012-13	5-Year Total	Beyond 5-Year	Project Total
Design		1,000		1,000					1,000		1,000
Construction					9,000				9,000		9,000
Master Plan/Study		100		100					100		100
TOTAL		1,100		1,100	9,000				10,100		10,100

FUNDING SOURCE SCHEDULE (000'S)

San José-Santa Clara Treatment Plant Capital Fund		1,100		1,100	9,000				10,100		10,100
TOTAL		1,100		1,100	9,000				10,100		10,100

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

None

Notes:

FY Initiated: 2007-2008 **Redevelopment Area:** N/A
Initial Project Budget: \$10,100,000 **SNI Area:** N/A
Appn. #: 5956 **USGBC LEED:** N/A

Water Pollution Control Capital Program

2009-2013 Adopted Capital Improvement Program

Detail of Capital Projects

4. Digester Rehabilitation

CSA: Environmental and Utility Services **Initial Start Date:** 3rd Qtr. 2006
CSA Outcome: Healthy Streams, Rivers, Marsh and Bay **Revised Start Date:** 3rd Qtr. 2008
Department: Environmental Services **Initial Completion Date:** 2nd Qtr. 2008
Council District: 4 **Revised Completion Date:** 4th Qtr. 2018
Location: Water Pollution Control Plant

Description: This project will include structural rehabilitation to address cracks in the existing concrete digestion tanks. This project will also include mechanical rehabilitation and/ or replacement to restore digester performance and facilitate the addition of a fats, oils, and grease receiving station for digesting grease.

Justification: Five out of 16 concrete digesters are currently non-operational due to structural damage and lack of adequate mixing capability. This project will maintain the integrity of the digesters, ensure reliability of the digestion facility, and allow for the digestion of scum and grease.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2007-08 Appn.	2007-08 Estimate	2008-09	2009-10	2010-11	2011-12	2012-13	5-Year Total	Beyond 5-Year	Project Total
Design		250		1,000					1,000		1,000
Construction		6,200		15,100	500	9,500	10,000	10,000	45,100	40,000	85,100
Master Plan/Study		150		500					500		500
TOTAL		6,600		16,600	500	9,500	10,000	10,000	46,600	40,000	86,600

FUNDING SOURCE SCHEDULE (000'S)

San José-Santa Clara Treatment Plant Capital Fund		6,600		16,600	500	9,500	10,000	10,000	46,600	40,000	86,600
TOTAL		6,600		16,600	500	9,500	10,000	10,000	46,600	40,000	86,600

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

2008-2012 CIP - increase of \$1.6 million based on revised estimates during initial study.

2009-2013 CIP - increase of \$84 million to fund construction/rehabilitation costs due to increased project scope.

Notes:

Replaces a formerly ongoing allocation titled "Scum Digestion".

FY Initiated:	2006-2007	Redevelopment Area:	N/A
Initial Project Budget:	\$1,000,000	SNI Area:	N/A
Appn. #:	4127	USGBC LEED:	N/A

Water Pollution Control Capital Program
2009-2013 Adopted Capital Improvement Program
Detail of Capital Projects

5. Environmental Services Building (ESB) Repair

CSA:	Environmental and Utility Services	Initial Start Date: 2nd Qtr. 2008
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:
Department:	Environmental Services	Initial Completion Date: 4th Qtr. 2009
Council District:	4	Revised Completion Date:
Location:	Water Pollution Control Plant	

Description: The project will include the correction of water intrusion and infiltration problems, improvement of interior air quality, removal of mold contamination within the building, installation of a new roofing system, and achievement of LEED certification for the repaired building.

Justification: The majority of the existing building is currently not in use as a result of potential health hazards associated with the presence of mold. The repairs provided in this project will restore the facility for beneficial occupancy and use, as well as prevent the recurrence of water infiltration and mold.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2007-08 Appn.	2007-08 Estimate	2008-09	2009-10	2010-11	2011-12	2012-13	5-Year Total	Beyond 5-Year	Project Total
Design				50					50		50
Construction				5,950					5,950		5,950
TOTAL				6,000					6,000		6,000

FUNDING SOURCE SCHEDULE (000'S)											
San José-Santa Clara Treatment Plant Capital Fund				6,000					6,000		6,000
TOTAL				6,000					6,000		6,000

ANNUAL OPERATING BUDGET IMPACT (000'S)											
None											

Major Changes in Project Cost:

None

Notes:

FY Initiated:	2008-2009	Redevelopment Area:	N/A
Initial Project Budget:	\$6,000,000	SNI Area:	N/A
Appn. #:	6507	USGBC LEED:	Certified

Water Pollution Control Capital Program
2009-2013 Adopted Capital Improvement Program
Detail of Capital Projects

6. Plant Electrical Reliability

CSA: Environmental and Utility Services **Initial Start Date:** 3rd Qtr. 2003
CSA Outcome: Reliable Utility Infrastructure **Revised Start Date:** 3rd Qtr. 2008
Department: Environmental Services **Initial Completion Date:** 2nd Qtr. 2015
Council District: 4 **Revised Completion Date:**
Location: Water Pollution Control Plant

Description: This project will include a multi-phase construction schedule based upon a study completed in 2004. The project will replace substations and switches, modify power distribution buses and cabling, and provide backup systems to enhance the overall safety and reliability of the plant electrical systems.

Justification: The current power distribution network has grown in a patched manner over the years, and many electrical system components have reached the end of their service life. This project will address immediate safety needs, as well as provide for future reliability needs.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2007-08 Appn.	2007-08 Estimate	2008-09	2009-10	2010-11	2011-12	2012-13	5-Year Total	Beyond 5-Year	Project Total
Design		5,238	3,104	2,134					2,134		5,238
Construction					44,000	5,600	500	5,000	55,100	20,000	75,100
TOTAL		5,238	3,104	2,134	44,000	5,600	500	5,000	57,234	20,000	80,338

FUNDING SOURCE SCHEDULE (000'S)											
San José-Santa Clara Treatment Plant Capital Fund		5,238	3,104	2,134	44,000	5,600	500	5,000	57,234	20,000	80,338
TOTAL		5,238	3,104	2,134	44,000	5,600	500	5,000	57,234	20,000	80,338

ANNUAL OPERATING BUDGET IMPACT (000'S)											
None											

Major Changes in Project Cost:

2005-2009 CIP - increase of \$33.5 million to fund construction/rehabilitation costs due to increased project scope.
2007-2011 CIP - increase of \$15.6 million to fund construction/rehabilitation costs due to increased project scope.
2008-2012 CIP - increase of \$26.5 million to fund construction/rehabilitation costs due to increased project scope.
2009-2013 CIP - decrease of \$3 million to fund construction/rehabilitation costs due to project scope change.

Notes:

Replaces a formerly ongoing allocation titled "Electrical System Improvements".

FY Initiated: 2003-2004 **Redevelopment Area:** N/A
Initial Project Budget: \$7,671,000 **SNI Area:** N/A
Appn. #: 4341 **USGBC LEED:** N/A

Water Pollution Control Capital Program

2009-2013 Adopted Capital Improvement Program

Detail of Capital Projects

7. SBWR Reservoir Facility

CSA:	Environmental and Utility Services	Initial Start Date:	3rd Qtr. 2008
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	1st Qtr. 2009
Department:	Environmental Services	Initial Completion Date:	2nd Qtr. 2010
Council District:	4	Revised Completion Date:	2nd Qtr. 2011
Location:	Water Pollution Control Plant		

Description: The South Bay Advanced Recycled Water Treatment facility project is a jointly funded project with the Santa Clara Valley Water District (SCVWD) and includes construction of all facilities necessary to produce 8 million gallons of high-purity, recycled water that will be blended with the existing recycled water supply. The project includes 10 million gallons per day (MGD) of microfiltration (MF) capacity, 8 MGD of Reverse Osmosis (RO) capacity, and 10 MGD of Ultra Violet (UV) disinfection capacity. The project will also include all site work, structural, architectural, geotechnical, building mechanical, pumping, piping, controls and instrumentation, chemical storage and delivery systems, product storage tanks, and electrical improvements necessary to provide a fully functioning system.

Justification: Construction of the facility will improve the reliability for the production of recycled water, and improve the recycled water quality to the level established by the SCVWD.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2007-08 Appn.	2007-08 Estimate	2008-09	2009-10	2010-11	2011-12	2012-13	5-Year Total	Beyond 5-Year	Project Total
Construction				6,000					6,000		6,000
TOTAL				6,000					6,000		6,000

FUNDING SOURCE SCHEDULE (000'S)

San José-Santa Clara Treatment Plant Capital Fund				6,000					6,000		6,000
TOTAL				6,000					6,000		6,000

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

None

Notes:

Formally titled "South Bay Water Recycling Water Storage Facility". Also, once the construction contract is encumbered, funding will be rebudgeted until the project's completion.

FY Initiated:	2007-2008	Redevelopment Area:	N/A
Initial Project Budget:	\$6,000,000	SNI Area:	N/A
Appn. #:	6508	USGBC LEED:	N/A

Water Pollution Control Capital Program

2009-2013 Adopted Capital Improvement Program

Detail of Capital Projects

8. WPCP Reliability Improvements

CSA:	Environmental and Utility Services	Initial Start Date: 2nd Qtr. 2000
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date: 2nd Qtr. 2003
Department:	Environmental Services	Initial Completion Date: 2nd Qtr. 2008
Council District:	4	Revised Completion Date: 4th Qtr. 2008
Location:	Water Pollution Control Plant	

Description: This project will improve the Plant's ability to handle wet weather flows and improve the reliability of several of the Plant's critical systems, such as headworks, filtration, and major pumping stations. The project will also look at ways to improve the reliability and efficiency of producing recycled water, as well as water discharge to the Bay.

Justification: Over the past several winters, the Plant has experienced wet weather flows that exceeded the original hydraulic design of some of the Plant's treatment facilities. These periodic high flows have caused sewage overflows and process upsets that make the Plant vulnerable to future incidents. Improvements in the Plant's ability to handle wet weather flows in a reliable manner require the rehabilitation or replacement of existing facilities and/or the addition of new facilities.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2007-08 Appn.	2007-08 Estimate	2008-09	2009-10	2010-11	2011-12	2012-13	5-Year Total	Beyond 5-Year	Project Total
Development	1,431										1,431
Design	6,412										6,412
Construction	70,926	11,734	11,156	577					577		82,659
TOTAL	78,769	11,734	11,156	577					577		90,502

FUNDING SOURCE SCHEDULE (000'S)

San José-Santa Clara Treatment Plant Capital Fund	78,769	11,734	11,156	577					577		90,502
TOTAL	78,769	11,734	11,156	577					577		90,502

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

2003-2007 CIP - increase of \$40 million to fund anticipated reliability project.
 2004-2008 CIP - increase of \$11 million based on revised estimates at 10% design completion.
 2005-2009 CIP - increase of \$6 million based on revised estimates at 90% design completion.
 2006-2010 CIP - increase of \$25 million to fund higher than anticipated construction costs related to the price escalation of cement, reinforced concrete pipe, and steel.

Notes:

FY Initiated:	1998-1999	Redevelopment Area:	N/A
Initial Project Budget:	\$4,000,000	SNI Area:	N/A
Appn. #:	6585	USGBC LEED:	N/A

Water Pollution Control Capital Program

2009-2013 Adopted Capital Improvement Program

Detail of Capital Projects

9. Revised South Bay Action Plan - SBWR Extension

CSA:	Environmental and Utility Services	Initial Start Date:	Ongoing
CSA Outcome:	Healthy Streams, Rivers, Marsh and Bay	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	Ongoing
Council District:	4	Revised Completion Date:	
Location:	Water Pollution Control Plant		

Description: The National Pollutant Discharge Elimination System (NPDES) permit requires continued development of the South Bay Water Recycling (SBWR) system to increase use of recycled water and further reduce Plant discharge. This allocation will fund the development and future construction of an advanced water treatment facility in partnership with the Santa Clara Valley Water District. In addition, this allocation funds future recycled water projects not yet identified.

Justification: The Revised South Bay Action Plan, adopted by the City Council in June 2001, provides for an integrated, cost-effective combination of water conservation, industrial reuse and water recycling projects. The SBWR Extension Project includes construction of extensions to the existing recycled water distribution system that will provide additional capacity and ensure diversification of a beneficial resource while reducing flow to the Bay.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2007-08 Appn.	2007-08 Estimate	2008-09	2009-10	2010-11	2011-12	2012-13	5-Year Total	Beyond 5-Year	Project Total
Development Property & Land Design Construction		13,369	4,068	11,878	389	389	389	389	13,434		
TOTAL		13,369	4,068	11,878	389	389	389	389	13,434		

FUNDING SOURCE SCHEDULE (000'S)

San José-Santa Clara Treatment Plant Capital Fund	13,369	4,068	11,878	389	389	389	389	13,434
TOTAL	13,369	4,068	11,878	389	389	389	389	13,434

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

N/A

Notes:

Project schedule dates and selected budget information are not provided due to the ongoing nature of this project. A \$389,000 annual allocation beginning in 2005-2006 represents recycled water pipeline funding from Calpine for their share of the pipeline to the Metcalf Energy Center. This allocation is anticipated to fund future recycled water projects.

FY Initiated:	Ongoing	Redevelopment Area:	N/A
Initial Project Budget:		SNI Area:	N/A
Appn. #:	6589	USGBC LEED:	N/A

Water Pollution Control Capital Program
2009-2013 Adopted Capital Improvement Program
Detail of Capital Projects

10. Equipment Replacement

CSA:	Environmental and Utility Services	Initial Start Date:	Ongoing
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	Ongoing
Council District:	4	Revised Completion Date:	
Location:	Water Pollution Control Plant		

Description: This allocation provides for the replacement and rehabilitation of Water Pollution Control Plant (WPCP) equipment. Equipment anticipated to be replaced or rehabilitated within the five-year horizon includes air compressors, tanks, pumps, motors, control systems, valves, heat exchangers, engine auxiliaries, lab instruments and other equipment as required. Existing engine-generators and engine-blowers will be retrofitted to meet Air Quality Board emission requirements.

Justification: Replacement and rehabilitation of WPCP equipment is necessary as a result of wear, obsolescence or regulatory requirements. Replacement and rehabilitation will ensure continued efficient operation of the Plant facilities.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2007-08 Appn.	2007-08 Estimate	2008-09	2009-10	2010-11	2011-12	2012-13	5-Year Total	Beyond 5-Year	Project Total
Equipment		3,562	1,332	6,430	2,300	3,545	1,525	1,660	15,460		
TOTAL		3,562	1,332	6,430	2,300	3,545	1,525	1,660	15,460		

FUNDING SOURCE SCHEDULE (000'S)

San José-Santa Clara Treatment Plant Capital Fund		3,562	1,332	6,430	2,300	3,545	1,525	1,660	15,460		
TOTAL		3,562	1,332	6,430	2,300	3,545	1,525	1,660	15,460		

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

N/A

Notes:

Project schedule dates and selected budget information are not provided due to the ongoing nature of this project.

FY Initiated:	Ongoing	Redevelopment Area:	N/A
Initial Project Budget:		SNI Area:	N/A
Appn. #:	4332	USGBC LEED:	N/A

Water Pollution Control Capital Program

2009-2013 Adopted Capital Improvement Program

Detail of Capital Projects

11. Plant Infrastructure Improvements

CSA:	Environmental and Utility Services	Initial Start Date:	Ongoing
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	Ongoing
Council District:	4	Revised Completion Date:	
Location:	Water Pollution Control Plant		

Description: This allocation provides for improvements, rehabilitation, or replacement of existing Plant infrastructure and fixed works; process facilities; buildings, structures and supporting facilities; piping and auxiliaries; instrumentation; and electrical generation, distribution and control systems.

Justification: Rehabilitation, improvements, and replacement of capital infrastructure are necessary to maintain process viability and to ensure regulatory compliance, structural integrity, reliability, functionality, and safety of Plant buildings and process facilities for intended uses.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2007-08 Appn.	2007-08 Estimate	2008-09	2009-10	2010-11	2011-12	2012-13	5-Year Total	Beyond 5-Year	Project Total
Construction		15,262	8,445	10,830	7,088	7,540	9,700	13,160	48,318		
TOTAL		15,262	8,445	10,830	7,088	7,540	9,700	13,160	48,318		

FUNDING SOURCE SCHEDULE (000'S)

San José-Santa Clara Treatment Plant Capital Fund		15,262	8,445	10,830	7,088	7,540	9,700	13,160	48,318		
TOTAL		15,262	8,445	10,830	7,088	7,540	9,700	13,160	48,318		

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

N/A

Notes:

Project schedule dates and selected budget information are not provided due to the ongoing nature of this project.

FY Initiated:	Ongoing	Redevelopment Area:	N/A
Initial Project Budget:		SNI Area:	N/A
Appn. #:	5690	USGBC LEED:	N/A

Water Pollution Control Capital Program
2009-2013 Adopted Capital Improvement Program
Detail of Capital Projects

12. Unanticipated/Critical Repairs

CSA: Environmental and Utility Services **Initial Start Date:** Ongoing
CSA Outcome: Reliable Utility Infrastructure **Revised Start Date:**
Department: Environmental Services **Initial Completion Date:** Ongoing
Council District: 4 **Revised Completion Date:**
Location: Water Pollution Control Plant

Description: This allocation provides funding for any unanticipated and/or critical repairs.

Justification: It is necessary to have funds available to pay for unforeseen conditions discovered during any project construction phase or repairs to Plant infrastructure to quickly respond to needs.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2007-08 Appn.	2007-08 Estimate	2008-09	2009-10	2010-11	2011-12	2012-13	5-Year Total	Beyond 5-Year	Project Total
Construction		342	342	250	250	250	250	250	1,250		
TOTAL		342	342	250	250	250	250	250	1,250		
FUNDING SOURCE SCHEDULE (000'S)											
San José-Santa Clara Treatment Plant Capital Fund		342	342	250	250	250	250	250	1,250		
TOTAL		342	342	250	250	250	250	250	1,250		
ANNUAL OPERATING BUDGET IMPACT (000'S)											

None

Major Changes in Project Cost:

N/A

Notes:

Project schedule dates and selected budget information are not provided due to the ongoing nature of this project.

FY Initiated: Ongoing **Redevelopment Area:** N/A
Initial Project Budget: **SNI Area:** N/A
Appn. #: 5691 **USGBC LEED:** N/A

Water Pollution Control Capital Program
2009-2013 Adopted Capital Improvement Program
Detail of Capital Projects

13. Payment for Clean Water Financing Authority Trustee

CSA:	Environmental and Utility Services	Initial Start Date:	Ongoing
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	Ongoing
Council District:	4	Revised Completion Date:	
Location:	Water Pollution Control Plant		

Description: This allocation provides for administrative costs of the San José/Santa Clara Clean Water Financing Authority related to bond issues, including necessary audits, transfers, registration, investment, and disbursement fees.

Justification: Services from the Clean Water Financing Authority are necessary to administer financing issued for the Plant.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2007-08 Appn.	2007-08 Estimate	2008-09	2009-10	2010-11	2011-12	2012-13	5-Year Total	Beyond 5-Year	Project Total
Program Management		82	82	82	82	82	82	82	410		
TOTAL		82	82	82	82	82	82	82	410		

FUNDING SOURCE SCHEDULE (000'S)

San José-Santa Clara Treatment Plant Capital Fund		82	82	82	82	82	82	82	410		
TOTAL		82	82	82	82	82	82	82	410		

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

N/A

Notes:

Project schedule dates and selected budget information are not provided due to the ongoing nature of this project.

FY Initiated:	Ongoing	Redevelopment Area:	N/A
Initial Project Budget:		SNI Area:	N/A
Appn. #:	6584	USGBC LEED:	N/A

Water Pollution Control Capital Program

2009-2013 Adopted Capital Improvement Program

Detail of Capital Projects

14. Plant Master Plan

CSA:	Environmental and Utility Services	Initial Start Date:	3rd Qtr. 2006
CSA Outcome:	Healthy Streams, Rivers, Marsh and Bay	Revised Start Date:	3rd Qtr. 2007
Department:	Environmental Services	Initial Completion Date:	2nd Qtr. 2008
Council District:	4	Revised Completion Date:	1st Qtr. 2011
Location:	Water Pollution Control Plant		

Description: There is a need for development of a Plant Master Plan (PMP). The PMP would provide San José/Santa Clara Water Pollution Control Plant with a phased program of recommended wastewater treatment facilities and management programs to accommodate planned growth and to meet existing and anticipated regulatory requirements through the year 2040. The PMP will need to address both public health and environmental protection issues while ensuring reliable service at affordable rates for area customers.

Justification: Since the Plant is over 50 years old, major infrastructure upgrades are needed in the short- and long-term. A single Plant Master Plan will ensure the continuity and integration of major Plant facilities planning, construction, and operation for the next 30 years with a common set of goals and objectives to meet public health, regulatory, and community objectives.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2007-08 Appn.	2007-08 Estimate	2008-09	2009-10	2010-11	2011-12	2012-13	5-Year Total	Beyond 5-Year	Project Total
Master Plan/Study		2,500	2,500	2,900	2,400	2,400			7,700		10,200
TOTAL		2,500	2,500	2,900	2,400	2,400			7,700		10,200

FUNDING SOURCE SCHEDULE (000'S)

San José-Santa Clara Treatment Plant Capital Fund	2,500	2,500	2,900	2,400	2,400				7,700		10,200
TOTAL	2,500	2,500	2,900	2,400	2,400				7,700		10,200

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

2008-2012 CIP - increase of \$5 million due to the changed project scope to cover all of the Plant's process, operations, and land uses.

2009-2013 CIP - increase of \$4.2 million due to the changed project scope to cover outreach and environmental regulation clearance.

Notes:

Replaces the formerly titled "Bio-solids Master Plan".

FY Initiated:	2006-2007	Redevelopment Area:	N/A
Initial Project Budget:	\$1,000,000	SNI Area:	N/A
Appn. #:	4120	USGBC LEED:	N/A

Water Pollution Control Capital Program
2009-2013 Adopted Capital Improvement Program
Detail of Capital Projects

15. Public Works Capital Management Costs

CSA:	Environmental and Utility Services	Initial Start Date:	Ongoing
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	
Department:	Public Works	Initial Completion Date:	Ongoing
Council District:	4	Revised Completion Date:	
Location:	N/A		

Description: This allocation funds the fair share of Public Works Department administrative and management costs necessary to ensure the delivery of capital projects.

Justification: This allocation is required to recover the actual administrative and management costs incurred when delivering capital projects.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2007-08 Appn.	2007-08 Estimate	2008-09	2009-10	2010-11	2011-12	2012-13	5-Year Total	Beyond 5-Year	Project Total
Program Management			15	12	12	12	12	12	60		
TOTAL			15	12	12	12	12	12	60		

FUNDING SOURCE SCHEDULE (000'S)

San José-Santa Clara Treatment Plant Capital Fund			15	12	12	12	12	12	60		
TOTAL			15	12	12	12	12	12	60		

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

N/A

Notes:

Project schedule dates and selected budget information are not provided due to the ongoing nature of this project.

FY Initiated:	Ongoing	Redevelopment Area:	N/A
Initial Project Budget:		SNI Area:	N/A
Appn. #:	6000	USGBC LEED:	N/A

Water Pollution Control Capital Program

2009-2013 Adopted Capital Improvement Program

Detail of Capital Projects

16. State Revolving Fund Loan Repayment

CSA:	Environmental and Utility Services	Initial Start Date:	3rd Qtr. 1998
CSA Outcome:	Healthy Streams, Rivers, Marsh and Bay	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	2nd Qtr. 2019
Council District:	4	Revised Completion Date:	
Location:	Water Pollution Control Plant		

Description: This allocation provides for the repayment of low interest State loans awarded for South Bay Water Recycling projects.

Justification: This is a contractual obligation. The loans will be repaid over a 20-year period.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2007-08 Appn.	2007-08 Estimate	2008-09	2009-10	2010-11	2011-12	2012-13	5-Year Total	Beyond 5-Year	Project Total
Debt Service	36,921	4,464	4,464	4,464	4,464	4,464	4,464	4,464	22,320	23,828	87,533
TOTAL	36,921	4,464	4,464	4,464	4,464	4,464	4,464	4,464	22,320	23,828	87,533

FUNDING SOURCE SCHEDULE (000'S)											
San José-Santa Clara Treatment Plant Capital Fund	36,921	4,464	4,464	4,464	4,464	4,464	4,464	4,464	22,320	23,828	87,533
TOTAL	36,921	4,464	4,464	4,464	4,464	4,464	4,464	4,464	22,320	23,828	87,533

ANNUAL OPERATING BUDGET IMPACT (000'S)											
None											

None

Major Changes in Project Cost:

None

Notes:

FY Initiated:	1998-1999	Redevelopment Area:	N/A
Initial Project Budget:	\$87,533,000	SNI Area:	N/A
Appn. #:	6590	USGBC LEED:	N/A

Water Pollution Control Capital Program

2009-2013 Adopted Capital Improvement Program

Detail of Capital Projects

17. Transfer to Clean Water Financing Authority Debt Service Payment Fund

CSA:	Environmental and Utility Services	Initial Start Date:	2nd Qtr. 1996
CSA Outcome:	Healthy Streams, Rivers, Marsh and Bay	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	4th Qtr. 2020
Council District:	4	Revised Completion Date:	
Location:	Water Pollution Control Plant		

Description: This funding provides for the transfer of funds for the payment of the 1995 Series A and B Revenue Bonds to the Clean Water Financing Authority Debt Service Payment Funds.

Justification: Repayment of bonds is a requirement of the bonding agreement.

EXPENDITURE SCHEDULE (000'S)											
Cost Elements	Prior Years	2007-08 Appn.	2007-08 Estimate	2008-09	2009-10	2010-11	2011-12	2012-13	5-Year Total	Beyond 5-Year	Project Total
Debt Service	14,881	7,007	7,007	7,023	7,029	7,025	7,004	6,995	35,076	27,962	84,926
TOTAL	14,881	7,007	7,007	7,023	7,029	7,025	7,004	6,995	35,076	27,962	84,926

FUNDING SOURCE SCHEDULE (000'S)											
San José-Santa Clara Treatment Plant Capital Fund	14,881	7,007	7,007	7,023	7,029	7,025	7,004	6,995	35,076	27,962	84,926
TOTAL	14,881	7,007	7,007	7,023	7,029	7,025	7,004	6,995	35,076	27,962	84,926

ANNUAL OPERATING BUDGET IMPACT (000'S)											
None											

Major Changes in Project Cost:

2007-2011 CIP - Increase of \$73 million. This reflects a number of actions: 1) Beginning 2006-2007, the San José portion of the debt service payment of \$5.5 million annually will be included in this fund. This was previously reflected in the Sewer and Service Use Charge Fund. 2) Bond A was refinanced on 11/15/2005 and Bond B was refinanced on 12/07/2005. These refinancings resulted in a savings of \$24,325,971. 3) Beginning in 2008-2009, the amount includes a forecast of additional bond debt of \$50 million for the Electrical Reliability Project.

2008-2012 CIP - Decrease of \$25 million to reflect the dropping of the \$50 million bond for the Plant Electrical Reliability Project.

Notes:

FY Initiated:	2001-2002	Redevelopment Area:	N/A
Initial Project Budget:	\$34,851,000	SNI Area:	N/A
Appn. #:	0005	USGBC LEED:	N/A

Water Pollution Control Capital Program
2009-2013 Adopted Capital Improvement Program
Detail of Capital Projects

18. Reserve for Equipment Replacement

CSA:	Environmental and Utility Services	Initial Start Date:	N/A
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	N/A
Council District:	4	Revised Completion Date:	
Location:	Water Pollution Control Plant		

Description: Funding provides a reserve for replacement and rehabilitation of equipment which, due to age, wear, or obsolescence, must be replaced for the efficient operation of the Plant. Reserved funds are available to pay for unforeseen extraordinary costs to the extent that there are no other funds budgeted for such purposes.

Justification: Provisions of the Improvement Agreement between the San José/Santa Clara Clean Water Financing Authority and bondholders, as well as the adopted Master Agreements for Wastewater Treatment with the various tributary agencies, require that replacement funds be segregated.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2007-08 Appn.	2007-08 Estimate	2008-09	2009-10	2010-11	2011-12	2012-13	5-Year Total	Beyond 5-Year	Project Total
Reserve		5,000		5,000					5,000		
TOTAL		5,000		5,000					5,000		

FUNDING SOURCE SCHEDULE (000'S)

San José-Santa Clara Treatment Plant Capital Fund		5,000		5,000					5,000		
TOTAL		5,000		5,000					5,000		

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

N/A

Notes:

Unexpended funds are rebudgeted each year.

FY Initiated:	Ongoing	Redevelopment Area:	N/A
Initial Project Budget:		SNI Area:	N/A
Appn. #:	8908	USGBC LEED:	N/A

Water Pollution Control Capital Program
2009-2013 Adopted Capital Improvement Program
Detail of Capital Projects

19. Reserve for Rate Studies

CSA:	Environmental and Utility Services	Initial Start Date:	N/A
CSA Outcome:	Reliable Utility Infrastructure	Revised Start Date:	
Department:	Environmental Services	Initial Completion Date:	N/A
Council District:	4	Revised Completion Date:	
Location:	Water Pollution Control Plant		

Description: This funding provides for a reserve for the study and review of rate structures within the industry.

Justification: Future uncertainty requires that provisions be made to ensure the continual operation of the facility. As a result, future costs and revenues must be controlled and managed. Rate studies are needed periodically to assess the industry norms and anticipate future changes whenever possible.

EXPENDITURE SCHEDULE (000'S)

Cost Elements	Prior Years	2007-08 Appn.	2007-08 Estimate	2008-09	2009-10	2010-11	2011-12	2012-13	5-Year Total	Beyond 5-Year	Project Total
Reserve		200		200					200		200
TOTAL		200		200					200		200

FUNDING SOURCE SCHEDULE (000'S)

San José-Santa Clara Treatment Plant Capital Fund		200		200					200		200
TOTAL		200		200					200		200

ANNUAL OPERATING BUDGET IMPACT (000'S)

None

Major Changes in Project Cost:

None

Notes:

FY Initiated:	2003-2004	Redevelopment Area:	N/A
Initial Project Budget:		SNI Area:	N/A
Appn. #:	4674	USGBC LEED:	N/A

Water Pollution Control Capital Program
2009-2013 Adopted Capital Improvement Program
Summary of Projects that Start after 2008-2009

Project Name: Dissolved Air Flotation Pressure Retention Tank & Valves	Council District: 4
5-Year CIP Budget: \$1,100,000	Estimated Start Date: 2nd Qtr. 2005
Total Budget: \$2,388,000	Estimated End Date: 4th Qtr. 2016
USGBC LEED N/A	

Description: This project will replace 15 of the 16 pressurized tanks and their valves located in the sludge processing area. Four tanks will be replaced every two years.

Project Name: Filtration Action Plan - Valve Replacement	Council District: 4
5-Year CIP Budget: \$8,600,000	Estimated Start Date: 3rd Qtr. 2010
Total Budget: \$8,600,000	Estimated End Date: 4th Qtr. 2013
USGBC LEED N/A	

Description: This project will involve replacing leaking valves in the filtration building. There are a total of 108 valves, including backwash, isolation, drain, influent, and surface wash valves.

Project Name: Fire Line Replacement	Council District: 4
5-Year CIP Budget: \$800,000	Estimated Start Date: 3rd Qtr. 2006
Total Budget: \$1,150,000	Estimated End Date: 2nd Qtr. 2012
USGBC LEED N/A	

Description: The project will replace a total of 14,400 ft. of ductile iron pipe, 34 fire hydrants, 34 gate valves, and will add additional isolation valves that are not currently in the system.

Project Name: Reserve for Plant Master Plan Improvements	Council District: 4
5-Year CIP Budget: \$10,000,000	Estimated Start Date: 3rd Qtr. 2011
Total Budget: \$60,000,000	Estimated End Date: 4th Qtr. 2019
USGBC LEED N/A	

Description: This reserve sets aside future funding for the Plant Master Plan and Improvements project.

Project Name: Secondary and Nitrification Clarifier Rehabilitation	Council District: 4
5-Year CIP Budget: \$12,000,000	Estimated Start Date: 3rd Qtr. 2009
Total Budget: \$32,000,000	Estimated End Date: 4th Qtr. 2018
USGBC LEED N/A	

Description: This project will include systematic rehabilitation of existing secondary and nitrification clarifiers, including coating of concrete and rehabilitation of clarifier mechanisms. This project will maintain the integrity and ensure the reliability of the existing system.

Water Pollution Control Capital Program
2009-2013 Adopted Capital Improvement Program
Summary of Projects that Start after 2008-2009

Project Name: WPCP Reliability Improvements Phase II	Council District: 4
5-Year CIP Budget: \$5,000,000	Estimated Start Date: 3rd Qtr. 2012
Total Budget: \$35,000,000	Estimated End Date: 4th Qtr. 2017
USGBC LEED N/A	

Description: This project will include the rehabilitation of the existing older headworks, including coating of concrete and rehabilitation or replacement of existing pre-treatment equipment. This project will maintain the integrity and ensure the reliability of the existing system.

Project Name: Warehousing Facility Additions	Council District: 4
5-Year CIP Budget: \$600,000	Estimated Start Date: 3rd Qtr. 2010
Total Budget: \$600,000	Estimated End Date: 2nd Qtr. 2012
USGBC LEED N/A	

Description: This project will include an assessment of current inventory control programs and inventory storage needs and provide for covered storage facilities for wastewater treatment spare equipment, parts, and materials.

Water Pollution Control Capital Program

2009-2013 Adopted Capital Improvement Program
Explanation of Funds

Revenues and expenditures for the operation and maintenance of the San José-Santa Clara Water Pollution Control Plant are accounted for by the City of San José, as administering agency, through the San José-Santa Clara Water Pollution Control Plant Operating Fund (Operating Fund) and the San José-Santa Clara Treatment Plant Capital Fund (Capital Fund), established by Ordinance 7214 in July, 1959.

Revenues from Tributary Agencies of the San José-Santa Clara Water Pollution Control Plant are recorded directly into the Treatment Plant Operating and Capital Funds respectively. The Tributary Agencies include the City of Milpitas, City of Cupertino, Burbank and Sunol Sanitary Districts, County Sanitation District No. 2-3, and West Valley Sanitation District.

Tributary Agencies are assessed for their share of annual operation, maintenance, equipment, and facilities replacement and capital costs, based on their respective flow and strength of sewage conveyed to the Plant.

The San José Sewer Service and Use Charge Fund was established by the San José City

Council by Ordinance Number 7308, adopted in August, 1959. This fund is the depository of revenues from Sewer Service and Use Charges received from residential, commercial, and industrial users of the sanitary sewer system. A portion of these moneys are transferred to the Treatment Plant Operating and Capital Funds to pay for the City of San José's share of operating and capital costs of the Water Pollution Control Plant.

The Santa Clara Sewer Revenue Fund was established by Resolution Number 916 of the City Council of Santa Clara in October, 1960. Like the City of San José, revenues from this fund are transferred directly to the Treatment Plant Operating and Capital Funds.

The Treatment Plant Capital Fund provides all moneys used for capital projects. Included in this fund is the Treatment Plant Renewal and Replacement Fund. This fund was established to satisfy the Water Pollution Control Plant's federal and state grant agreements as well as to comply with bond covenants.

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